

February 20, 2004

PAUL COATES
2706 164TH PLACE SE
MILL CREEK WA 98012

Subject: Complaint filed against Friends of Aaron Reardon/People for Ethical Government - PDC Case No. 04-242

Dear Mr. Coates:

The Public Disclosure Commission staff has completed its investigation of your complaint received September 15, 2003, alleging that Friends of Aaron Reardon/People for Ethical Government, an independent expenditure political committee formed to support the candidacy of Aaron Reardon for Snohomish County Executive, violated RCW 42.17.

Your complaint was reviewed in light of the following statutes:

RCW 42.17.3691 required political committees and candidate committees to electronically file reports disclosing contribution and expenditure activities if they spent or expected to spend more than \$25,000 in calendar year 2003.

RCW 42.17.730 prohibits contributions from being transmitted through an intermediary or an agent, thus concealing the true source of the contribution.

You alleged that the Friends of Aaron Reardon/People for Ethical Government (FOAR/PEG) violated RCW 42.17 by failing to electronically file reports of contribution and expenditure activities. In addition, you also alleged Young Ja Lee was not the true source of a contribution she made to FOAR/PEG, and instead acted as an intermediary for that contribution.

We found that:

- On September 2, 2003, the Friends of Aaron Reardon filed a Committee Registration Statement (PDC Form C-1pc) registering as a political committee formed to support "Aaron Reardon for Snohomish County Executive." The C-1pc listed Young Ja Lee as the committee's only committee officer or principal. On September 11, 2003, Friends of Aaron Reardon filed an amended C-1pc, changing its committee name to People for Ethical Government.
- On September 9, 2003, the Friends of Aaron Reardon filed a Monetary Contributions Report (PDC Form C-3) disclosing a \$16,600 contribution from Young Ja Lee that was made on August 28, 2003, and deposited on August 29, 2003.

- Ms. Lee stated under oath that the \$16,600 contribution was from her personal funds, that she was the true source of the funds, and that no one reimbursed her or provided her with the funds to make the contribution. Ms. Lee has been employed with the United States Postal Service as a clerk for twenty years. The \$16,600 contributed by Ms. Lee was used to hire a political consultant and produce and distribute political advertising that supported Aaron Reardon's campaign in the form of independent expenditures.
- On September 10, 2003, Friends of Aaron Reardon filed a C-3 report totaling \$16,020, and disclosing that the committee received five contributions that were received and deposited on September 9, 2003. The \$16,020 in funds received from five different sources was also used to produce and distribute political advertising that supported Aaron Reardon's campaign in the form of independent expenditures.
- No evidence was found during the course of our investigation or was provided by you substantiating the allegation that any of the contributions received by Ms. Lee's committee were from sources other than those disclosed by the committee.

FOAR/PEG timely reported expenditures totaling \$32,600 for a political committee in 2003, and thus were technically required to file reports electronically. However, \$16,600 of the money spent was personal funds of Ms. Lee that could have been disclosed on an Independent Expenditure Report (PDC Form C-6). The remaining \$16,000 in contributions received from other sources and spent on political advertisements were required to be reported as political committee funds, but were less than the \$25,000 threshold required for electronic filing. Thus, staff does not believe a violation of RCW 42.17.3691 or 42.17.730 occurred.

After a careful review of the alleged violations and relevant facts, we have concluded our investigation and, with the concurrence of the Chair of the Public Disclosure Commission, I am dismissing your complaint against Friends of Aaron Reardon/People for Ethical Government.

If you have questions, please contact Phil Stutzman, Director of Compliance, at (360) 664-8853 or toll free at 1-877-601-2828.

Sincerely,

Vicki Rippie
Executive Director

c: Friends of Aaron Reardon/People for Ethical Government